

**ORIGINAL**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

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JUL 22 1999

**In the Matter of**

**Deployment of Wireline Services Offering  
Advanced Telecommunications Capability**

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**CC Docket No. 98-147**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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**REPLY COMMENTS OF MCI WORLDCOM, INC.**

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## **SUMMARY**

### **Spectrum Management**

The majority of commenters in this proceeding agree with MCI WorldCom that the Commission should adopt federal rules governing long-term loop spectrum compatibility, loop spectrum management, and line sharing issues as they relate to advanced telecommunications services such as Digital Subscriber Line. Most commenters indicate that the FCC should assume a significant oversight role over the nation's loop spectrum management policy to ensure neutrality in practice as well as in form. At the same time, a neutral third-party industry group should review, implement, and monitor the standards developed. Nearly every party concurs that T1E1.4 should be selected to administer the standards-setting process, with a separate neutral party chosen to manage the process, and set up and administer a dispute resolution program. Parties also are unanimous that T1E1.4 is the preferred forum for developing future power spectral density masks.

MCI WorldCom and most other parties oppose the segregation of xDSL technologies; instead, a "mix and match" system of assigning compatible technologies should be allowed. The Commission should reject Bell Atlantic's proposal to deny CLECs any binder group content information. CLECs deserve parity, and obviously need to be able to tailor their service offerings to the actual capabilities that can be offered, as well as detect patterns of discriminatory conduct by the ILECs. In addition, US West's claim that an ILEC should be able to disable a CLEC's DSL services whenever the ILEC deems it "necessary" must be denied. The inherent conflict in this dual ILEC role as competitor and "binder group management guardian" is obvious.

Commenters also favor the Commission establishing a grandfathering process for older or existing interfering technologies. Technologies such as AMI T1 cause such significant interference that special procedures must be used. Parties point out that, without outside pressure, the ILECs will never volunteer to give up interfering technologies, especially if that interference would serve as a convenient excuse to prevent competitors from deploying their own competing technologies.

### **Line Sharing**

Parties recount in considerable detail the numerous pro-competitive benefits to consumers of a general line sharing requirement. While the ILECs cast aspersions at the very concept of line sharing, the record is replete with evidence that line sharing is absolutely necessary for equitable and robust competition, especially in the residential marketplace.

The ILECs argue first that line sharing will give CLECs a "free ride" on the ILECs' voice services, discourage investment in new loops, diminish incentives for ILECs to improve and maintain facilities, and stifle service innovation. This is nonsense. CLECs only seek a measure of parity: if the ILEC gets to provide DSL over its voice loop, the CLEC should get the same treatment. Further, commenters explain that it is open competition, not closed networks, that

creates investment in new facilities, enhances incentives to utilize existing facilities, and engenders innovation in brand-new technologies.

Second, the ILECs claim that line sharing is unnecessary because CLECs should be required to purchase the entire unbundled loop. However, requiring a company to enter two markets simultaneously as a condition of entering one market will suppress entry generally and is inconsistent with public interest and antitrust laws. The ILECs would like nothing better than to tie a CLEC's ability to provide a competitive DSL product with a mandate first to take away the ILEC's voice customer. Moreover, a consumer faced with a choice of (1) two services over one phone line (total loop price of \$25.00); or (2) one service on one phone line and another service on a second phone line (total loop price of \$50.00), will always choose the first option. Without line sharing, CLECs will never be able to provide a competitive DSL service offering to mass market residential consumers.

Third, the ILECs attack the Commission's authority to require line sharing. Contrary to the ILECs' arguments, however, commenters agree that the Commission has authority under Section 251(c)(3) of the Telecommunications Act to require the ILECs to offer line sharing as a UNE, based on TELRIC pricing. CLECs clearly are "impaired" by being forced to acquire more unbundled functionality than they need. Further, without line sharing, the CLEC will have no choice but to attempt to recover from its customer all the costs of a stand-alone loop from DSL prices. An utter inability to enter an entire market, and provide customers with a meaningful alternative to the ILEC, would appear to be the epitome of the term "impairment." Commenters also agree that line sharing can be defined as an access service under the Commission's general Title II authority.

Fourth, any technical or operational issues can be readily overcome. In contrast to the ILECs' terse and unsupported claims about operational nightmares, the CLECs present compelling evidence supporting the Commission's tentative conclusion that line sharing is technically feasible. One obvious answer on technical feasibility is that the ILECs already line share between themselves and their ISP operation to provide voice and DSL.

Finally, the ILECs argue that data CLECs must pay the full price of the loop. The Act, and the Commission's own Computer III precedent, require another approach: a simple nondiscrimination principle. The ILECs must be required to charge DSL providers no more than the same loop rate that the ILECs presently impute to their own DSL services, namely zero. The nondiscrimination requirement should apply equally to all other functionalities, facilities, and services that the ILEC provides to itself or to an affiliate.

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**REPLY COMMENTS OF MCI WORLDCOM, INC.**

MCI WorldCom, Inc. "MCI WorldCom", by its attorneys, hereby submits its reply comments in response to the initial comments filed by other parties concerning the Commission's First Report and Order and Further Notice of Proposed Rulemaking in the above-captioned proceeding.<sup>1</sup> The majority of commenters agree with MCI WorldCom that the Commission should adopt federal rules governing long-term loop spectrum compatibility, loop spectrum management, and line sharing issues as they relate to advanced telecommunications services such as Digital Subscriber Line (DSL).

**I. MOST COMMENTERS AGREE THAT SPECIFIC LOOP SPECTRUM COMPATIBILITY AND MANAGEMENT POLICIES SHOULD BE SET BY THE INDUSTRY, WITH EXPLICIT GUIDELINES BY THE COMMISSION**

In its initial comments in this proceeding, MCI WorldCom explained that clear spectral compatibility standards and spectrum management rules and practices are necessary for the dual

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<sup>1</sup> Deployment of Wireline Service Offering Advanced Telecommunications Capability, First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48 CC Docket No. 98-147 (rel. March 31, 1999) (Further Notice).

purpose of (1) fostering the timely and competitive deployment of innovative technologies, and (2) ensuring the quality and reliability of the public switched telephone network (PSTN). To that end, MCI WorldCom argued that the incumbent LECs should not be allowed to exercise undue discretion in resolving interference issues and determining which loop-related technologies are ultimately deployed, and under what circumstances. As a result, the Commission must take an active role by setting general principles to govern loop spectrum compatibility and management policies, and then mandating the use of a neutral third party forum to implement and enforce those principles.<sup>2</sup>

Most commenters agree with this overall approach. Northpoint and Sprint, for example, both indicate that the FCC should assume a significant oversight role over the nation's loop spectrum management policy.<sup>3</sup> The Oklahoma Commerce Commission also supports giving the FCC a strong leadership role to ensure neutrality in practice as well as in form. At the same time, the chosen industry group should review, implement, and monitor the standards developed.<sup>4</sup> The General Services Administration stresses that the industry should be tasked with setting the actual standards in a competitively-neutral manner,<sup>5</sup> while Covad recites the many reasons why the

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<sup>2</sup> MCI WorldCom Comments at 1-8.

<sup>3</sup> NorthPoint Comments at 32; Sprint Comments at 2.

<sup>4</sup> Oklahoma CC Comments at 6-7.

<sup>5</sup> GSA Comments at 4.

ILECs cannot be trusted to act as neutral parties.<sup>6</sup>

**A. The Commission Should Select A Competitively-Neutral Industry Body To Administer The Standards-Setting Process And Deal With Specific Loop Spectrum Compatibility Issues**

MCI WorldCom strongly supports the use of a neutral third party in developing loop spectrum management policies. Such an entity could serve as a forum for managing spectrum allocation and use, and for assigning loops in conjunction with ongoing efforts by standards bodies. Consistent with its Section 256 authority, the Commission should identify specific industry groups, such as ANSI's T1E1.4, and issue guidelines for how such groups shall be reconstituted in a neutral fashion. At the same time, while technical forums such as T1E1.4 are proficient at addressing technical issues like standards in advanced services, they are not necessarily optimal in managing industry-wide activities.

Most parties, including the ILECs, support the selection of T1E1.4 to administer the standards-setting process.<sup>7</sup> Bell Atlantic claims that the Committee T1 standards group should be relied upon, and disputes the FCC's notion that it is dominated by the ILECs.<sup>8</sup> Likewise, US West states that T1E1.4 should remain the preferred group for setting standards, but that policy

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<sup>6</sup> Covad Comments at 47.

<sup>7</sup> Texas PUC Comments at 3; Nortel Networks Comments at 7; AT&T Comments at 2, 4; Sprint Comments at 2.

<sup>8</sup> Bell Atlantic Comments at 15-16.

should be enacted by a group like the Alliance for Telecommunications Industry Solutions (ATIS) and its various forums.<sup>9</sup> MCI WorldCom concurs with the notion that T1E1.4 is best suited to set standards, and that a separate neutral party should be chosen to manage the process. However, the lengthy history of ILEC dominance of ATIS makes that proposed choice untenable. In addition, international standards not covered by ANSI or Committee T1 must be coordinated with the International Telecommunications Union (ITU).

**B. The T1E1.4 Should Develop Power Spectral Density Masks**

Whatever their views on other issues presented in this proceeding, parties are unanimous that T1E1.4 is the preferred forum for developing future power spectral density (PSD) masks.<sup>10</sup> MCI WorldCom would only add that whatever forum ultimately is chosen should consist of representatives from the Commission, state commissions, software providers, incumbent and competitive LECs, manufacturers and equipment vendors. Moreover, as with the general standards-setting process, the ITU has an important role to play in setting PSD masks and standards for spectrum management.

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<sup>9</sup> US West Comments at 5-7.

<sup>10</sup> US West Comments at 5; Texas PUC Comments at 4; Ameritech Comments at 15; AT&T Comments at 5; BellSouth Comments at 29; Sprint Comments at 2-3.



**C. The FCC Should Mandate A Neutral Third-Party Dispute Resolution Process**

In its initial comments, MCI WorldCom explained that a neutral third party should be established to resolve disputes regarding the existence of disturbers in shared facilities. In order to carry this out, the industry should implement a mechanism for resolving disputes, while the neutral third-party administers the program. In particular, for disputes that arise out of allegations that a technology is "significantly degrading" the performance of other services, the issue should be resolved by determining whether the interference renders the subject technology nonfunctional or impaired beyond useful functionality.

Sprint argues persuasively that all of the parties concerned need a prompt and binding dispute resolution process, so that disputes between carriers are dealt with as swiftly and fairly as possible.<sup>11</sup> The ILECs also support using a third party,<sup>12</sup> and Bell Atlantic stating that all parties should fund and utilize a laboratory such as Telcordia to conduct tests and resolve disputes.<sup>13</sup> MCI WorldCom opposes utilizing an entity such as Telcordia, which once was funded exclusively by the ILECs and remains dominated by the ILECs. Instead, a truly neutral third party must be selected through a notice-and-comment proceeding at the Commission.

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<sup>11</sup> Sprint Comments at 7.

<sup>12</sup> US West Comments at 10.

<sup>13</sup> Bell Atlantic Comments at 19.

**D. The FCC Should Not Allow The ILECs To Segregate Compatible Technologies Within Binder Groups**

MCI WorldCom opposes the segregation of otherwise compatible xDSL technologies by individual technology. Copper pairs should be allocated randomly for xDSL, then monitored to determine where there is no further spectrum available; at that point, the binder or cable should be capped. Segregation of other xDSL technologies should not be permitted.

BellSouth articulates that the Commission should allow a "mix and match" system of assigning any compatible technologies,<sup>14</sup> while AT&T states that there should be no artificial segregation of services into separate binder groups based on technology.<sup>15</sup> MCI WorldCom agrees. On the other hand, Sprint argues that different technologies should be segregated into different binder groups within the feeder cable to minimize interference.<sup>16</sup> However, the ILECs' own comments demonstrate convincingly why putting the incumbents in the middle of the assignment process would be a bad idea, and why national rules are essential.

For example, Bell Atlantic claims that CLECs should not receive any binder group content information when ILECs reject requests to deploy new technologies.<sup>17</sup> This makes no sense. MCI WorldCom can attest from first-hand experience that numerous requests for xDSL-capable

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<sup>14</sup> BellSouth Comments at 32.

<sup>15</sup> AT&T Comments at 13.

<sup>16</sup> Sprint Comments at 4.

<sup>17</sup> Bell Atlantic Comments at 22.

loops have been rejected by an ILEC due to the general claim of "spectrum management concerns." Obviously CLECs need more information than this in order to tailor their service offerings to the actual capabilities that can be offered, as well as to detect patterns of discriminatory conduct by the ILECs. All MCI WorldCom seeks is parity with the ILECs' own xDSL operations.

US West argues further that an ILEC actually should be able to disable a CLEC's DSL services whenever the ILEC deems it necessary to protect other services.<sup>18</sup> The inherent conflict in this dual role as competitor and "network guardian" is obvious. As Rhythms NetConnection explains, so-called "binder group management" by the ILECs is an unnecessary practice that enables the ILECs to discriminate against other DSL carriers.<sup>19</sup> After all, the interference could be coming from an ILEC T-1 service or other functionality, and it is counterintuitive that the ILEC would shut down its own service in order to preserve the competing service of a CLEC. The simple answer is to troubleshoot first, and then -- if necessary-- arbitrate.

**E. The Commission Should Establish A Grandfathering And Sunseting Policy**

Some technologies are mutually exclusive, and should not be forced to share space together -- as in, for example, the current practice of segregating AMI T1's in separate binder

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<sup>18</sup> US West Comments at 10.

<sup>19</sup> Rhythms Comments at 23.

groups. MCI WorldCom favors the Commission establishing a grandfathering process for older or existing interfering technologies, at least for a limited period of time. Some technologies like voice band modems cause little interference, while others, such as AMI T1 in the loop, cause such significant interference that special procedures must be used. All carriers, ILEC and CLEC alike, should be required to replace AMI T1 in the loop with new and less interfering technologies, and to phase-out existing or old interfering technologies in three years for metropolitan areas, and five years for rural areas.

Parties acknowledge that outmoded technologies should be limited through a mix of grandfathering and sunseting requirements.<sup>20</sup> For example, Covad agrees with MCI WorldCom that future deployment of T1 AMI in the loop should be discontinued, with a gradual phase out of current deployment.<sup>21</sup> How this sunset should be accomplished is another question. Sprint argues that the industry should develop grandfathering and sunset policies for interfering technologies,<sup>22</sup> while the Oklahoma Commerce Commission believes that grandfathering questions should be left up to the state PSCs.<sup>23</sup> Bell Atlantic and US West argue further that the FCC should not regulate the removal of any existing technology, including AMI T1 technology. Both ILECs claim that "market forces" will dictate the timing, and that the ILECs are in the best position to determine

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<sup>20</sup> AT&T Comments at 3, 10.

<sup>21</sup> Covad Comments at 50.

<sup>22</sup> Sprint Comments at 5.

<sup>23</sup> Oklahoma CC Comments at 9.

how and when to remove this technology.<sup>24</sup> This is nonsense. Without pressure from neutral outside authorities -- whether the FCC, state commissions, or balanced industry groups -- the ILECs will never volunteer to give up interfering technologies, especially if that interference would serve as a convenient excuse to prevent competitors from deploying their own competing technologies.

## **II. THE RECORD IS CRYSTAL-CLEAR THAT A FEDERAL LINE SHARING REQUIREMENT IS CRITICAL TO THE PROMOTION OF COMPETITION IN THE PROVISION OF ADVANCED SERVICES TO RESIDENTIAL CONSUMERS**

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It seems beyond debate that line sharing brings many straightforward pro-competitive benefits to consumers. It also seems beyond debate that relatively few services (primarily ADSL) are affected -- after all, only "passband" technologies like ADSL have a separate voice channel which allows carriers to share the loop for voice and data; all other DSL "flavors" to date are "baseband" capabilities lacking separate voice channels. Despite these facts, the ILECs appear to resist mightily the very notion of line sharing. Not surprisingly, the ILECs' own arguments supply additional proof that line sharing is absolutely necessary for equitable and robust competition.<sup>25</sup>

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<sup>24</sup> Bell Atlantic Comments at 24; US West Comments at 10.

<sup>25</sup> It must be noted that SBC and Ameritech's proposed merger conditions would allow their advanced services affiliates to line share for xDSL services, while permitting other carriers to line share only when it is deemed "technically feasible."

AT&T's apparent opposition to a line sharing requirement sounds eerily reminiscent of some of the earlier, less than pro-competitive policy positions it advocated when it was the dominant incumbent carrier in the local telephone market. Perhaps AT&T's recent well-publicized forays into the cable market have tainted it with the worldview of a company trying desperately to deny other companies the right and ability to access local bottleneck facilities. On the other hand, it is gratifying that Sprint, which at one point opposed line sharing for a variety of reasons, now actively supports the proposed policy.<sup>26</sup> All that CLECs seek is parity with the ILECs' own competitive DSL offerings, a result that is in the best interest of consumers.

**A. Line Sharing Will Promote Maximum Competition And Innovation**

The ILECs argue first and foremost that line sharing is unnecessary and even counterproductive. In this regard, Bell Atlantic apparently seeks the dubious status of poster child of anti-competitive policies. For starters, Bell Atlantic and the other ILECs claim that line sharing will give CLECs a "free ride" on the ILECs' voice services,<sup>27</sup> discourage investment in new loops,<sup>28</sup> diminish incentives for ILECs to improve and maintain facilities,<sup>29</sup> and stifle service

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<sup>26</sup> Sprint Comments at 8.

<sup>27</sup> Bell Atlantic Comments at 2.

<sup>28</sup> Bell Atlantic Comments at 3.

<sup>29</sup> US West Comments at 18.

innovation by the ILECs.<sup>30</sup> These arguments are without merit.

The "free rider" claim is especially galling. As far as MCI WorldCom is aware, CLECs only seek a measure of parity; if the ILEC gets to provide DSL over its voice loop without additional cost, the CLEC should get the same treatment. In other words, if the ILEC is the "free rider," such status cannot be denied to competitors.

Further, it is difficult to understand how allowing CLECs to serve customers in a manner that competes head-on with the incumbent can be rationally viewed as "discouraging investment," "diminishing incentives," and "stifling innovation." In MCI WorldCom's experience, it is open competition, not closed networks, that creates investment in new facilities, enhances incentives to utilize existing facilities, and engenders innovation in brand-new technologies. Bell Atlantic's claims also are contrary to the facts. By and large, the ILECs already own all the copper loops connecting residential customers to the PSTN; a line sharing requirement will not cause the ILECs suddenly to stop building loops to captive communities within their regions. Further, Northpoint observes that second loops are a scarce resource, and forcing all CLECs to utilize second lines for DSL would create unnecessary facilities shortages.<sup>31</sup> Sprint notes that line sharing is the most efficient and cost-effective solution, in part because it would avoid the construction of duplicative loops to the end user.<sup>32</sup> The Oklahoma Commerce Commission

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<sup>30</sup> Bell Atlantic Comments at 4-5.

<sup>31</sup> NorthPoint Comments at 6-7, 12.

<sup>32</sup> Sprint Comments at 15-16.

agrees that denying CLECs the ability to share loops will impede competition by requiring separate networks and facilities, which is economically inefficient and wasteful, and even cost prohibitive.<sup>33</sup>

The next false ILEC claim is that line sharing is wholly unnecessary. Bell Atlantic insists that CLECs can gain access to the full range of spectrum merely by purchasing the entire unbundled loop.<sup>34</sup> US West also puts the onus on competitors by arguing that CLECs have the same opportunity as incumbents to exploit revenue potential of the whole loop; if CLECs fail to exploit this potential, it is because they freely choose to do so.<sup>35</sup> As Covad points out, however, requiring a company to enter two markets simultaneously as a condition of entering one market will suppress entry generally and is inconsistent with public interest and antitrust laws.<sup>36</sup> Only the incumbent provider controls the loop to each and every home in its region. The ILECs would like nothing better than to tie a CLEC's ability to provide a competitive DSL product with a mandate to first take away the ILEC's voice customer.

US West also indicates that data CLECs are not disadvantaged because they have managed to compete even though customers have had to purchase a second line.<sup>37</sup> Again, there is

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<sup>33</sup> Oklahoma Commerce Commission Comments at 20.

<sup>34</sup> Bell Atlantic Comments at 5.

<sup>35</sup> US West Comments at 24.

<sup>36</sup> Covad Comments at 35.

<sup>37</sup> US West Comments at 24.



no truth to this statement. While data CLECs have had some success providing xDSL services to the business market -- where line sharing by and large is not an issue -- the residential market is far different. Anyone with even a modicum of knowledge of basic economics understands that a consumer faced with a choice of (1) two services over one phone line (total loop price of \$25.00), or (2) one service on one phone line and another service on a second phone line (total loop price of \$50.00), will always choose the first option. It insults the intelligence to suggest otherwise.<sup>38</sup> Covad demonstrates in some detail how line sharing will provide consumers with competitive choices for broadband services. Doing the rough math, Covad explains that if the ILEC pays zero incremental cost for outside plant, while the CLEC pays \$20-\$25, only ILECs can price DSL services at a level that is attractive to mass market residential customers.<sup>39</sup> Further, CLECs will always have costs at least \$20-\$25 higher than those faced by the ILECs. Northpoint agrees that the ILECs are trying to create a DSL price squeeze -- in the absence of shared lines, CLECs offering DSL are forced to purchase stand-alone, unbundled loops.<sup>40</sup>

Finally, BellSouth claims that line sharing is a short-lived solution that soon will be obsolete, and that new networks will allow single packet-based transmission of voice and data,

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<sup>38</sup> This is compounded by the fact that a chief consumer benefit of ADSL -- the ability to provide voice and data over the same loop at the same time -- is not realized for CLECs.

<sup>39</sup> Covad Comments at 30.

<sup>40</sup> NorthPoint Comments at 8.

such as integrated digital networks (IDN) and voice over Internet protocol (VoIP).<sup>41</sup> Of course it is a truism that new technologies displace older ones, and that one day in the future some technology will come along that could render ADSL obsolete. That observation does nothing to dispel the need to bring broadband competition to consumers now.

**B. The FCC Possesses Full Statutory Authority To Require Line Sharing**

The ILECs next attack the Commission's authority to require line sharing. Bell Atlantic claims that line sharing is inconsistent with the Act because (1) it is not an unbundled network element (UNE), and (2) does not meet the impairment standard because CLECs have the obvious alternative of using the entire loop, as the incumbent does.<sup>42</sup> Ameritech also claims that failure to require line sharing would not impair CLECs because they have a number of non-ILEC technological options, such as cable modems, satellites, and radio facilities.<sup>43</sup> US West also insists that CLECs will not be impaired by being required to buy whole loops because competition is thriving without line sharing, which proves that CLECs do not really need line sharing.<sup>44</sup>

Contrary to the ILECs' arguments, commenters agree that the Commission has authority

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<sup>41</sup> BellSouth Comments at 4-5, 14-15.

<sup>42</sup> Bell Atlantic Comments at 7-10.

<sup>43</sup> Ameritech Comments at 2-3.

<sup>44</sup> US West Comments at 17, 23-24.

under Section 251(c)(3) of the Telecommunications Act to require the ILECs to offer line sharing as a UNE, based on TELRIC pricing.<sup>45</sup> Covad argues persuasively that DSL line sharing is a "feature, function, or capability" of the ILEC network that must be offered to CLECs on an unbundled basis.<sup>46</sup> Whether as a "functionality" of the local loop, or an element of sub-loop unbundling, line sharing meets the UNE definitional requirements.

Moreover, there is no need to await the outcome of the Rule 319 remand process to conclude that Section 251(d)(2) of the 1996 Act encompasses line sharing. Covad points out that CLECs clearly are "impaired" under that provision by being forced to acquire more unbundled functionality than they need.<sup>47</sup> Further, without line sharing, the CLEC will have no choice but to attempt to recover from its customer all the costs of a stand-alone loop from DSL prices. In competing against the ILEC, the CLEC cannot hope to serve the residential market.<sup>48</sup> An utter inability to enter an entire market, and provide customers with a meaningful alternative to the ILEC, would appear to be the epitome of the term "impairment."

Further, commenters agree that line sharing can be defined as an access service under the Commission's general Title II authority. ILEC access services must be provided on just,

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<sup>45</sup> Rhythms Comments at 2, 12; Intermedia Comments at 3-4; Oklahoma CC Comments at 11, 17.

<sup>46</sup> Covad Comments at 18-19.

<sup>47</sup> Covad Comments at 21.

<sup>48</sup> Covad Comments at 21.

reasonable, and nondiscriminatory terms, and DSL line sharing can be provided as interstate special access service.<sup>49</sup> Indeed, some commenters share MCI WorldCom's view that access to shared lines can be viewed either as an unbundled element, an access service, or expanded interconnection.<sup>50</sup>

### **C. Any Technical Or Operational Issues Can Be Readily Overcome**

Bell Atlantic claims that line sharing will result in significant technical and operational issues.<sup>51</sup> US West, in its best "Hush-A-Phone" imitation, decries how line sharing will jeopardize the quality and reliability of basic voice service, wreck havoc on the PSTN, and harm critical voice services such as 911.<sup>52</sup> And, of course, the sky is falling.

In contrast to the ILECs' terse and unsupported claims about operational nightmares, the CLECs present compelling evidence supporting the Commission's tentative conclusion that line sharing is technically feasible. Of course, the obvious answer on technical feasibility is that the ILECs already line share between themselves and their ISP operations to provide voice and

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<sup>49</sup> Covad Comments at 14-16.

<sup>50</sup> NorthPoint Comments at 24.

<sup>51</sup> Bell Atlantic Comments at 13-14.

<sup>52</sup> US West Comments at 11-15.

DSL.<sup>53</sup> In fact, the Oklahoma Commerce Commission points out that line sharing is currently being carried out on a single line between Pacific Bell and Concentric.<sup>54</sup> Northpoint observes that line sharing requires little more than that the ILECs conform to the existing standard, in this case ANSI T1.413 ADSL.<sup>55</sup> The T1E1 definition of ADSL in turn defines how to share a loop between voice frequencies (0-4 khz) and data frequencies (above 4 khz).

In addition, line sharing also is operationally feasible.<sup>56</sup> For starters, operational feasibility is not a prerequisite for implementation of local competition.<sup>57</sup> Nonetheless, DSL line sharing is relatively simple -- in fact, as Covad notes, much more difficult customer support and operational questions are present in the LEC/IXC relationship.<sup>58</sup>

Finally, GSA explains that if an ILEC performs line sharing with itself, it must do so as well for CLECs, and that the ILECs' own actions prove the economic feasibility of line sharing. In contrast, in many markets, stand-alone data service is presently uneconomical, so CLECs must be given opportunity to compete successfully over the same loop.<sup>59</sup>

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<sup>53</sup> Covad Comments at 4; Rhythms Comments at 8; Sprint Comments at 9-10.

<sup>54</sup> Oklahoma Commerce Commission Comments at 11.

<sup>55</sup> NorthPoint Comments at 16.

<sup>56</sup> NorthPoint Comments at 18.

<sup>57</sup> Rhythms Comments at 10.

<sup>58</sup> Covad Comments at 11-12.

<sup>59</sup> GSA Comments at 7.

**D. A Simple Nondiscrimination Principle Should Resolve ILEC Costing Inequities And Other Issues**

The ILECs argue that CLECs must pay nothing less than the full price of the loop.<sup>60</sup>

Otherwise, BellSouth warns of a "long and slippery allocation slope to micro-regulation of service prices and costs."<sup>61</sup> BellSouth states that because allocating joint and common costs is arbitrary and nonsensical, the Commission should not even try.<sup>62</sup>

MCI WorldCom firmly rejects the concept that ILECs, by virtue of the historic happenstance that made them monopolies, should be able to price their own facilities one way for their own use and a completely different way for everybody else. The Act, and the Commission's own Computer III and Open Network Architecture (ONA) precedent, require another approach: a simple nondiscrimination principle. In short, the ILECs must be required to charge DSL providers no more than the same loop rate that the ILECs presently impute to their own DSL services.<sup>63</sup> Of course, as Covad explains, the ILECs currently attribute no incremental costs to placing DSL services on their loops (except for associated electronics) so consequently CLECs

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<sup>60</sup> US West Comments at 26; BellSouth Comments at 27.

<sup>61</sup> BellSouth Comments at 25.

<sup>62</sup> BellSouth Comments at 26.

<sup>63</sup> Rhythms Comments at 12; @Link Networks at 7.

should benefit from the very same cost structure.<sup>64</sup> Sprint also notes that no ILECs filing federal tariffs to provide DSL and voice over the same loop have bothered to allocate any loop costs to DSL services.<sup>65</sup> Thus -- entirely consistent with the ILECs' own treatment -- the party providing the analog voice spectrum of the loop should pay the entire cost of the loop, while the data LEC should cover only the incremental costs of the separate equipment needed to provide data services.<sup>66</sup> Of course, if the line sharing functionality is being provided as a UNE, prices must be based on TELRIC and the cost of analog loops should decline.<sup>67</sup>

The Oklahoma Commerce Commission has a different suggestion -- namely that all costs and responsibility for a local line should be imputed to the voice carrier, while the second (data) carrier would reimburse the voice carrier for some percentage of those costs.<sup>68</sup> As long as such cost calculations are equitable, and applied consistently to ILECs and CLECs alike, MCI WorldCom would not object to such a proposal.

Finally, consistent with Computer III and its progeny, the nondiscrimination requirement should apply equally to all other functionalities, facilities, and services that the ILEC provides to itself or to an affiliate. For example, an ILEC must provide the same collocation opportunities to

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<sup>64</sup> Covad Comments at 23.

<sup>65</sup> Sprint Comments at 13.

<sup>66</sup> Sprint Comments at 13.

<sup>67</sup> Covad Comments at 39.

<sup>68</sup> Oklahoma Commerce Commission Comments at 18.

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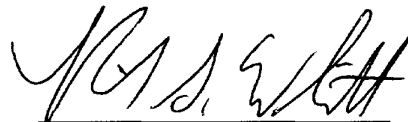
CLECs, on the same terms and conditions that are enjoyed by the ILEC's own advanced services operations, whether integrated or in a separate subsidiary. In particular, when an ILEC locates advanced services equipment in customer premises or remote terminals, it must allow CLECs to do the same.

### III. CONCLUSION

For the reasons explained above, and in MCI WorldCom's initial comments in this proceeding, the Commission should adopt its procompetitive tentative conclusions, which would facilitate competition in the provision of advanced telecommunications services.

Respectfully submitted,

MCI WORLDCOM, INC.

A handwritten signature in dark ink, appearing to read "Lisa B. Smith", is written over a horizontal line.

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Dated: July 22, 1999



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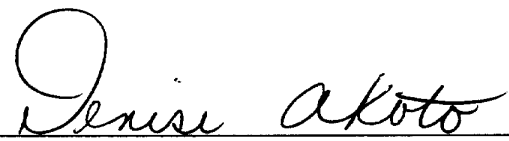
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\* Denotes Hand Delivery